

## Message Text

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OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-02

NSC-05 SS-15 STR-04 CEA-01 PA-01 PRS-01 EUR-12 /117 W

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P 120759Z APR 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 3972

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USADB

PASS TREASURY FOR BUSHNELL/ZINMAN

E. O. 11652: ADS, DECLAS: 7/12/76

TAGS: EAID, EFIN

SUBJECT: ADB ANNUAL MEETING: ADF RESOLUTION AND CAPITAL INCREASE  
INTERIM REPORT

REF TREASURY 76-43

1. REFTEL PARAGRAPH 1. FOLLOWING INFORMAL DRAFT  
REPORT OF BOARD OF DIRECTORS TO GOVERNORS ON  
ADF REPLENISHMENT AND DRAFT RESOLUTION OF  
BOARD OF GOVERNORS WOULD AMEND RESOLUTION 92  
BY (A) INCREASING CANADIAN CONTRIBUTION AND  
(B) EXTENDING TO 30 JUNE 1976 SUBMISSION OF  
ADJUSTMENTS TO CONTRIBUTIONS:

QUOTE

(PART A)

ASIAN DEVELOPMENT FUND REPLENISHMENT:  
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INCREASE IN CANADIAN ALLOCATION AND

EXTENSION OF TIME FOR OTHER ADJUSTMENTS  
UNDER RESOLUTION NO. 92

(DRAFT) REPORT OF THE BOARD OF DIRECTORS

1. ON 3 DECEMBER 1975 THE BOARD OF GOVERNORS, ACTING ON THE RECOMMENDATION OF THE BOARD OF DIRECTORS, ADOPTED RESOLUTION NO. 92, AUTHORIZING THE BANK TO RECEIVE FROM DEVELOPED MEMEBER COUNTRIES OF THE BANK CONTRIBUTIONS TO A REPLENISHMENT OF THE RESOURCES OF THE ASIAN DEVELOPMENT FUND. A TABLE OF CONTRIBUTIONS ATTACHED TO THE RESOLUTION SPECIFIES THE AMOUNT WHICH THE BANK IS AUTHORIZED TO ACCEPT AS A CONTRIBUTION FROM EACH DEVELOPED MEMEBER COUNTRY. PARAGRAPH 9 OF THE RESOLUTION PROVIDES THAT THE BOARD OF DIRECTORS MAY, AT THE REQUEST OF A MEMBER AND PRIOR TO THE NINTH ANNUAL MEETING, PROPOSE FOR THE CONSIDERATION OF THE GOVERNORS AT THE NINTH ANNUAL MEETING AN ADJUSTMENT TO THE AMOUNT ALLOCATED TO SUCH MEMBER IN THE TABLE OF CONTRIBUTIONS.

2. THE GOVERNMENT OF CANADA HAS FORMALLY REQUESTED AN ADJUSTMENT TO THE AMOUNT ALLOCATED TO CANADA IN THE TABLE OF CONTRIBUTIONS. THE ADJUSTMENT SOUGHT WOULD INCREASE SUCH AMOUNT FROM C\$43,663,520 TO C\$78,676,720. IN TERMS OF UNITED STATES DOLLARS AT THE EXCHANGE RATE APPLICABLE FOR PURPOSES OF THE RESOLUTION, THIS WOULD REPRESENT AN INCREASE IN THE CANADIAN ALLOCATION FROM US\$42,400,000 TO US\$76,400,000. HAVING REGARD TO THE REQUIREMENTS OF THE BANK'S SPECIAL FUNDS OPERATIONS, AND THE NEED TO BRING THE REPLENISHMENT ARRANGEMENTS INTO EFFECT AS EARLY AS POSSIBLE, THE BOARD OF DIRECTORS CONSIDERS THE PROPOSED INCREASE IN THE CANADIAN CONTRIBUTION TO BE BOTH TIMELY AND WELCOME. IT IS RECOMMENDED THAT THE BOARD OF GOVERNORS GIVE EFFECT TO THE ADJUSTMENT SOUGHT BY CANADA.

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3. THE BOARD OF DIRECTORS HAS BEEN INFORMED THAT ONE, AND PROBABLY TWO, OTHER PROSPECTIVE PARTICIPANTS IN THE ASIAN DEVELOPMENT FUND REPLENISHMENT ARE CONSIDERING REQUESTING AN ADJUSTMENT IN THE AMOUNT ALLOCATED TO THEM IN THE TABLE OF CONTRIBUTIONS ATTACHED TO RESOLUTION NO. 92, BUT ARE NOT IN A POSITION TO FORMULATE A SPECIFIC REQUEST IN TIME FOR SUBMISSION TO THE

GOVERNORS AT THE NINTH ANNUAL MEETING, AS  
CONTEMPLATED BY PARAGRAPH 9. OF THE RESOLUTION.  
THE BOARD OF DIRECTORS IS OF THE VIEW THAT, IN  
THESE CIRCUMSTANCES, IT WOULD BE APPROPRIATE TO  
EXTEND THE FINAL DATE FOR SUBMISSION TO THE BOARD  
OF GOVERNORS OF PROPOSALS REGARDING ADJUSTMENTS,  
SO AS TO ALLOW SOME REASONABLE FURTHER TIME TO  
SUCH PARTICIPANTS TO CONSIDER THE MATTER. IT  
THEREFORE RECOMMENDS THAT THE BOARD OF GOVERNORS  
AMEND PARAGRAPH 9 OF THE RESOLUTION TO EXTEND  
THE RELEVANT DATE UP TO 30 JUNE 1976.

4. ATTACHED FOR THE CONSIDERATION OF THE BOARD  
OF GOVERNORS IS A DRAFT RESOLUTION GIVING EFFECT  
TO THE RECOMMENDATIONS CONTAINED IN PARAGRAPHS 2  
AND 3 OF THIS REPORT. IF ADOPTED, THIS RESOLUTION  
WOULD (I) ADJUST UPWARDS THE AMOUNT ALLOCATED TO  
CANADA IN THE TABLE OF CONTRIBUTIONS ANNEXED TO  
RESOLUTION NO. 92, AND (II) EXTEND TO 30 JUNE 1976  
THE TIME WITHIN WHICH THE BOARD OF DIRECTORS MAY  
SUBMIT, FOR CONSIDERATION OF THE BOARD OF GOVERNORS  
PURSUANT TO PARAGRAPH 9 OF THE RESOLUTION, ANY  
FURTHER REQUESTS FOR ADJUSTMENT THAT MAY BE RECEIVED  
BY THE BANK.

(PART B-PARAGRAPH NUMBERS IN PARENTHESIS ADDED  
FOR TELEGRAPHIC TRANSMISSION)

ASIAN DEVELOPMENT FUND REPLENISHMENT:  
INCREASE IN CANADIAN ALLOCATION AND  
EXTENSION OF TIME FOR OTHER ADJUSTMENTS  
UNDER RESOLUTION NO. 92  
(DRAFT) RESOLUTION NO.-----  
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WHEREAS:

(1) THE BOARD OF GOVERNORS, BY RESOLUTION NO. 92  
AUTHORIZED THE BANK TO RECEIVE ADDITIONAL  
CONTRIBUTIONS TO THE ASIAN DEVELOPMENT FUND FROM  
DEVELOPED MEMBER COUNTRIES OF THE BANK, IN  
ACCORDANCE WITH THE TABLE OF CONTRIBUTIONS  
ATTACHED TO THAT RESOLUTION;

(2) PURSUANT TO THE SAID RESOLUTION NO. 92, THE  
BOARD OF DIRECTORS, AT THE REQUEST OF A MEMBER,  
MAY PROPOSE FOR THE CONSIDERATION OF GOVERNORS  
AT THE NINTH ANNUAL MEETING, AN ADJUSTMENT TO THE  
AMOUNT ALLOCATED TO SUCH MEMEBER IN THE TABLE OF

CONTRIBUTIONS;

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P 120759Z APR 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 3973

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(3) CANADA HAS REQUESTED AN UPWARD ADJUSTMENT TO THE AMOUNT ALLOCATED TO IT IN THE TABLE OF CONTRIBUTIONS, AND THE BOARD OF DIRECTORS, IN A REPORT TO THE BOARD OF GOVERNORS, HAS ENDORSED SUCH REQUEST;

(4) THE BOARD OF DIRECTORS HAS INDICATED IN THE SAID REPORT THAT CERTAIN OTHER MEMBER COUNTRIES MAY WISH TO REQUEST ADJUSTMENTS TO THE RESPECTIVE AMOUNTS ALLOCATED TO THEM IN THE TABLE OF CONTRIBUTIONS, AND HAS RECOMMENDED AN EXTENSION OF THE TIME WITHIN WHICH THE BOARD OF DIRECTORS MAY SUBMIT SUCH REQUESTS TO THE GOVERNORS FOR CONSIDERATION;

NOW THEREFORE THE BOARD OF GOVERNORS  
RESOLVES:

1. THE TABLE OF CONTRIBUTIONS ATTACHED TO  
RESOLUTION NO. 92 IS HEREBY AMENDED BY CHANGING

FROM C\$43,663,520 TO C\$78,676,720 THE AMOUNT  
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SPECIFIED AGAINST CANADA IN THE SECOND COLUMN OF  
SUCH TABLE, AND BY CHANGING FROM 42,400,000 TO  
76,400,000 THE CORRESPONDING UNITED STATES DOLLAR  
EQUIVALENT IN THE THIRD COLUMN OF SUCH TABLE.

2. THE DATE ON OR BEFORE WHICH THE BOARD OF  
DIRECTORS MAY, AT THE REQUEST OF A MEMBER, PROPOSE  
FOR THE CONSIDERATION OF GOVERNORS AN ADJUSTMENT  
TO THE AMOUNT ALLOCATED TO SUCH MEMBER IN THE  
TABLE OF CONTRIBUTIONS ATTACHED TO RESOLUTION  
NO. 92, IS HEREBY EXTENDED TO 30 JUNE 1976, AND  
PARAGRAPH 9 OF RESOLUTION NO. 92 IS AMENDED  
ACCORDINGLY.

END QUOTE

2. REFTEL PARAGRAPH 2. FOLLOWING INFORMAL  
DRAFT INTERIM REPORT OF BOARD OF DIRECTORS  
INFORMS GOVERNORS THAT CAPITAL INCREASE PROPOSAL  
WILL BE SUBMITTED IN FUTURE.

QUOTE

DRAFT  
INTERIM REPORT OF THE BOARD OF  
DIRECTORS RELATING TO AN INCREASE IN THE  
BANK'S CAPITAL STOCK

1. AT ITS EIGHTH ANNUAL MEETING, HELD IN MANILA IN  
APRIL 1975, THE BOARD OF GOVERNORS ADOPTED  
RESOLUTION NO. 84, IN THE FOLLOWING TEMRS:

"THAT THE BOARD OF GOVERNORS NOTES  
WITH APPROVAL THE ACTION OF THE  
BOARD OF DIRECTORS IN COMMENCING  
AN EXAMINATION OF THE BANK'S FUTURE  
RESOURCE REQUIREMENTS, AND IN PARTI-  
CULAR OF THE NEED FOR AN EARLY  
REPLENISHMENT OF THE ASIAN DEVELOP-  
MENT FUND AND FOR A FURTHER INCREASE  
IN THE CAPITAL STOCK OF THE BANK,  
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AND REQUESTS THE BOARD OF DIRECTORS  
AS SOON AS POSSIBLE TO REPORT ITS  
FINDINGS ON EACH OF THESE MATTERS,  
WITH SUCH RECOMMENDATIONS AS IT DEEMS  
APPROPRIATE, TO THE BOARD OF GOVERNORS  
FOR CONSIDERATION AND ACTION."

2. IN NOVEMBER 1975 THE BOARD OF DIRECTORS SUBMITTED  
TO THE BOARD OF GOVERNORS ITS FINDINGS REGARDING  
REPLENISHMENT OF THE ASIAN DEVELOPMENT FUND,  
TOGETHER WITH A DRAFT RESOLUTION WHICH WAS DULY  
ADOPTED BY THE GOVERNORS AS RESOLUTION NO. 92.  
A FURTHER REPORT ON THE SUBJECT IS BEING SUBMITTED  
TO THE NINTH ANNUAL MEETING.

3. WITH REGARD TO THE CAPITAL STOCK OF THE BANK,  
SINCE THE EIGHTH ANNUAL MEETING, SEVERAL SPEICAL  
INCREASES HAVE OCCURRED OR ARE NOW UNDER CON-  
SIDERATION. THESE INCLUDE AN INCREASE IN THE  
CAPITAL SUBSCRIPTION OF THE REPUBLIC OF KOREA,  
WHICH WAS AUTHORIZED BY THE BOARD OF GOVERNORS  
ON 30 JUNE 1975; THE INITIAL SUBSCRIPTION OF THE  
COOK ISLANDS, AUTHORIZED BY THE GOVERNORS ON  
31 MARCH 1976; AN INCREASE IN THE CAPITAL  
SUBSCRIPTION OF CANADA, AUTHORIZED BY THE GOVERNORS  
ON 12 APRIL 1976; AND AN INCREASE IN THE CAPITAL  
SUBSCRIPTION OF THE FEDERAL REPUBLIC OF GERMANY,  
WHICH IS TO BE CONSIDERED BY THE GOVERNORS AT  
THE NINTH ANNUAL MEETING. THE OVERALL EFFECT  
OF THESE ACTIONS WILL BE TO INCREASE THE SUBSCRIBED  
CAPITAL OF THE BANK BY 27,357 SHARES, IN AN AMOUNT  
EQUIVALENT, AT CURRENT RATES, TO APPROXIMATELY  
US\$330 MILLION.

4. IN THE PERIOD SINCE THE EIGHTH ANNUAL MEETING,  
CONSIDERABLE ATTENTION HAS ALSO BEEN GIVEN WITHIN  
THE BANK TO THE SUBJECT OF A GENERAL INCREASE IN  
THE BANK'S CAPITAL STOCK. ON 10 NOVEMBER 1975  
THE PRESIDENT SUBMITTED TO THE BOARD OF DIRECTORS  
SPECIFIC PROPOSALS FOR SUCH A GENERAL INCREASE,  
INCLUDING A PAID-IN PORTION. TAKING INTO ACCOUNT  
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THE PRESIDENT'S PROPOSALS, THE BOARD OF DIRECTORS  
HAS BEEN ACTIVELY REVIEWING THE ORDINARY CAPITAL  
RESOURCE REQUIREMENTS OF THE BANK OVER THE NEXT  
FIVE YEARS, AND HAS STUDIED ALTERNATIVE POSSIBILITIES  
FOR MEETING THESE REQUIREMENTS. THERE IS RECOGNITION  
OF THE NEED FOR A GENERAL CAPITAL INCREASE, TO BE  
ALLOCATED AMONG THE BANK'S MEMBERS AND TO TAKE

EFFECTIVE BEFORE THE END OF 1977. THE SPECIFIC AMOUNT OF THE INCREASE WHICH THE BOARD OF DIRECTORS MIGHT RECOMMEND TO THE GOVERNORS, AND THE PROPORTION OF PAID-IN CAPITAL THEREIN, ARE CURRENTLY AT AN ADVANCED STAGE OF CONSIDERATION.

5. THE BOARD OF DIRECTORS EXPECTS TO COME TO SPECIFIC FINDINGS WITHIN A RELATIVELY SHORT TIME. THE BOARD OF DIRECTORS WILL THEN SUBMIT TO THE GOVERNORS A REPORT CONTAINING ITS FINDINGS AND CONCLUSIONS AND FORWARDING THEREWITH, FOR THEIR CONSIDERATION, A DRAFT RESOLUTION ON THE PROPOSED GENERAL CAPITAL INCREASE FOR ACTION UNDER SECTION 3 OF THE BY-LAWS OF THE BANK. END QUOTE

3. ADB INTENDS TO ISSUE FORMALLY THESE TWO DRAFT REPORTS OF BOARD OF DIRECTORS AFTER GOVERNORS VOTE ON RESOLUTION ACCEPTING CANADIAN SPECIAL CAPITAL INCREASE ON OR ABOUT 12 APRIL. BOARD OF DIRECTORS WILL HAVE OPPORTUNITY TO COMMENT ON DRAFT REPORTS AT 13 APRIL MANILA BOARD OF DIRECTORS MEETING AND TO CONSIDER REPORTS IN FINAL FORM AT 20 APRIL JAKARTA MEETING TO PERMIT SUBMISSION TO BOARD OF GOVERNORS AT ANNUAL MEETING.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PERSONNEL, RESOLUTIONS, FINANCIAL CONTRIBUTIONS, PROGRESS REPORTS, DEVELOPMENT BANKS, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 APR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MANILA05044  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760137-0579, P760060-1246  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760472/aaaacjcn.tel  
**Line Count:** 357  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 7  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** BoyleJA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <26 MAY 2004 by greeneet>; APPROVED <20 SEP 2004 by BoyleJA>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ADB ANNUAL MEETING: ADF RESOLUTION AND CAPITAL INCREASE INTERIM REPORT  
**TAGS:** EAID, EFIN, RP, CA, ADB, ADF  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006